



DEPARTMENT OF COMMERCE

International Trade Administration

[A-570-985]

**Xanthan Gum from the People's Republic of China: Preliminary Results of the Antidumping Duty Administrative Review, Partial Rescission of the Antidumping Duty Administrative Review, and Preliminary Determination of No Shipments; 2019-2020**

**AGENCY:** Enforcement and Compliance, International Trade Administration, Department of Commerce.

**SUMMARY:** The Department of Commerce (Commerce) preliminarily determines that except for one respondent for which Commerce calculated a zero percent dumping margin, the eight respondents under review either made sales of subject merchandise at prices below normal value (NV) during the period of review (POR) July 1, 2019, through June 30, 2020, did not ship subject merchandise to the United States during the POR, or were not entitled to a separate rate. Also, Commerce is rescinding this review with respect to one company. We invite interested parties to comment on these preliminary results.

**DATES:** Applicable [INSERT DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

**FOR FURTHER INFORMATION CONTACT:** Kristen Ju or Abdul Alnoor, AD/CVD Operations, Office IV, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-3699 and (202) 482-4554, respectively.

**SUPPLEMENTARY INFORMATION:**

Background

This administrative review is being conducted in accordance with section 751(a) of the Tariff Act of 1930, as amended (the Act). On July 1, 2020, Commerce published in the *Federal Register* a notice of opportunity to request an administrative review of the antidumping duty

(AD) order on xanthan gum from the People's Republic of China (China).<sup>1</sup> Commerce published the notice of initiation of this administrative review on September 3, 2020.<sup>2</sup> On March 5, 2021, Commerce extended the deadline for the preliminary results of this review by a total of 119 days, to July 30, 2021.<sup>3</sup>

On October 26, 2020, Commerce selected two exporters to individually examine as mandatory respondents,<sup>4</sup> Meihua,<sup>5</sup> and Fufeng.<sup>6</sup> During the course of this review, the mandatory respondents responded to Commerce's questionnaire and supplemental questionnaires, the petitioner (CP Kelco U.S., Inc.) commented on certain responses, and other companies for which Commerce initiated the review filed either no-shipment claims or applications or certifications for separate rates status with Commerce. For details regarding the events that occurred subsequent to the initiation of the review, *see* the Preliminary Decision Memorandum.

#### Scope of the Order

The product covered by the order includes dry xanthan gum, whether or not coated or blended with other products. Xanthan gum is included in this order regardless of physical form, including, but not limited to, solutions, slurries, dry powders of any particle size, or unground fiber.

Merchandise covered by the scope of the order is classified in the Harmonized Tariff Schedule of the United States at subheading 3913.90.20. This tariff classification is provided for convenience and customs purposes; however, the written description of the scope is dispositive.

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<sup>1</sup> *See Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity to Request Administrative Review*, 85 FR 39531 (July 1, 2020).

<sup>2</sup> *See Initiation of Antidumping and Countervailing Duty Administrative Reviews*, 85 FR 54983 (September 3, 2020).

<sup>3</sup> *See* Memorandum, "Xanthan Gum from the People's Republic of China: Extension of Deadline for Preliminary Results of the 2019-2020 Antidumping Duty Administrative Review," dated March 5, 2021.

<sup>4</sup> *See* Memorandum, "Selection of Respondents for the 2019-2020 Administrative Review of the Antidumping Duty Order on Xanthan Gum from the People's Republic of China," dated October 26, 2020.

<sup>5</sup> Meihua refers to a single entity, which includes Meihua Group International Trading (Hong Kong) Limited, Langfang Meihua Biotechnology Co., Ltd., and Xinjiang Meihua Amino Acid Co., Ltd. (collectively, Meihua). For additional information, *see* "Decision Memorandum for the Preliminary Results of the Seventh Antidumping Duty Administrative Review of Xanthan Gum from the People's Republic of China," dated concurrently with, and hereby adopted by, this notice (Preliminary Decision Memorandum).

<sup>6</sup> Fufeng refers to a single entity, which includes Neimenggu Fufeng Biotechnologies Co., Ltd. (aka Inner Mongolia Fufeng Biotechnologies Co., Ltd.), Shandong Fufeng Fermentation Co., Ltd., and Xinjiang Fufeng Biotechnologies Co., Ltd. (collectively, Fufeng). For additional information, *see* the Preliminary Decision Memorandum.

A full description of the scope of the order is contained in the Preliminary Decision Memorandum.

#### Preliminary Determination of No Shipments

On September 28, 2020, and October 2, 2020, Shanghai Smart Chemicals Co., Ltd. (Shanghai Smart) and Deosen Biochemical Ltd. (Deosen Biochemical), respectively, timely filed certifications that they did not export or sell subject merchandise to the United States during the POR and that there were no entries of their subject merchandise into the United States during the POR. Based on an analysis of information from U.S. Customs and Border Protection (CBP) and Shanghai Smart's no shipment certification, Commerce preliminarily determines that Shanghai Smart did not have shipments of subject merchandise to the United States during the POR.<sup>7</sup>

However, Commerce preliminarily determines that Deosen Biochemical had reviewable transactions during the POR.<sup>8</sup> For additional information regarding this determination, see the Preliminary Decision Memorandum.

Consistent with Commerce's practice in non-market economy (NME) cases, we are not rescinding this administrative review with respect to Shanghai Smart, but intend to complete the review and issue appropriate instructions to CBP based on the final results of the review.<sup>9</sup>

#### Partial Rescission of Administrative Review

Pursuant to 19 CFR 351.213(d)(1), Commerce will rescind an administrative review, in whole or in part, if the party or parties that requested a review withdraw their request(s) within 90 days of the publication date of the notice of initiation of the requested review in the *Federal Register*. In December 2020, parties timely withdrew their requests for an AD administrative

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<sup>7</sup> See Memorandum, "Antidumping Duty Administrative Review of Xanthan Gum from the People's Republic of China: Automated Commercial System Shipment Query," dated September 23, 2020 (CBP Data); *see also* "Xanthan Gum from China exported by Shanghai Smart Chemicals Co. Ltd. during the period 07/01/2019 through 06/30/2020," dated April 22, 2021.

<sup>8</sup> See CBP Data.

<sup>9</sup> See *Non-Market Economy Antidumping Proceedings: Assessment of Antidumping Duties*, 76 FR 65694 (October 24, 2011); and the "Assessment Rates" section, below.

review of CP Kelco (Shandong) Biological Company Limited (CP Kelco Shandong).<sup>10</sup> Because all requests for reviews of CP Kelco Shandong were timely withdrawn, in accordance with 19 CFR 351.213(d)(1), Commerce is rescinding this review of the AD order on xanthan gum from China with respect to CP Kelco Shandong.

#### Use of Adverse Facts Available

Pursuant to section 776(a) and (b) of the Act, Commerce has preliminarily relied upon facts otherwise available, with adverse inferences, to determine the dumping margin assigned to Meihua. For further information, *see* "Application of Facts Available With Adverse Inferences" in the Preliminary Decision Memorandum; *see also* the Meihua Preliminary AFA Memorandum.<sup>11</sup>

#### Methodology

Commerce is conducting this review in accordance with section 751(a)(1)(B) of the Act. We calculated export prices and constructed export prices in accordance with section 772 of the Act. Because China is an NME country within the meaning of section 771(18) of the Act, we calculated NV in accordance with section 773(c) of the Act.

For a full description of the methodology underlying the preliminary results of review, *see* the Preliminary Decision Memorandum, which is hereby adopted by this notice. The Preliminary Decision Memorandum is a public document and is on file electronically *via* Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System (ACCESS). ACCESS is available to registered users at <https://access.trade.gov>. In addition, a complete version of the Preliminary Decision Memorandum can be accessed directly at <http://enforcement.trade.gov/frn/>. A list of sections in the Preliminary Decision

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<sup>10</sup> *See* CP Kelco Shandong's Letter, "Xanthan Gum from the People's Republic of China: CP Kelco (Shandong) Biological Company Limited's Withdrawal of Request for Administrative Review," dated December 1, 2020; Deosen Biochemical and Deosen Biochemical (Ordos) Ltd. (collectively, Deosen) submitted a timely withdrawal of its review request, however, because the petitioner did not withdraw its request for review of Deosen, Commerce is continuing its review of Deosen.

<sup>11</sup> *See* Memorandum, "Preliminary Results Memorandum: Application of Adverse Facts Available to Meihua," dated concurrently with this memorandum (Meihua Preliminary AFA Memorandum) for Commerce's full analysis, which includes business proprietary information.

Memorandum is in the appendix to this notice.

### Separate Rates

In all proceedings involving NME countries, Commerce maintains a rebuttable presumption that all companies within an NME are subject to government control and, thus, should be assessed a single weighted-average dumping margin unless the company can affirmatively demonstrate an absence of government control, both in law (*de jure*) and in fact (*de facto*), with respect to its exports so that it is entitled to separate rate status.<sup>12</sup> Commerce preliminarily determines that the information placed on the record by Jianlong Biotechnology Co. Ltd (formerly, Inner Mongolia Jianlong Biochemical Co., Ltd.) (Jianlong), Deosen Biochemical and Deosen Biochemical (Ordos) Ltd. (collectively, Deosen), Meihua, and Fufeng demonstrates that these companies are entitled to separate rate status.

However, Commerce preliminarily determines that A.H.A. International Co., Ltd., Hebei Xinhe Biochemical Co., Ltd., Greenhealth International Co., Ltd. (Hong Kong), and Nanotech Solutions SDN BHD did not demonstrate their eligibility for separate rates status because they did not file a separate rate application or separate rate certification with Commerce. Therefore, we are preliminarily treating A.H.A. International Co., Ltd., Hebei Xinhe Biochemical Co., Ltd., Greenhealth International Co., Ltd. (Hong Kong), and Nanotech Solutions SDN BHD as part of the China-wide entity. Because no party requested a review of the China-wide entity, the entity is not under review and the entity's rate (*i.e.*, 154.07 percent) is not subject to change in this review. For additional information, *see* the Preliminary Decision Memorandum.

### Dumping Margins For Separate Rate Companies

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<sup>12</sup> See Notice of Final Determination of Sales at Less Than Fair Value, and Affirmative Critical Circumstances, In Part: Certain Lined Paper Products from the People's Republic of China, 71 FR 53079, 53082 (September 8, 2006); Final Determination of Sales at Less Than Fair Value and Final Partial Affirmative Determination of Critical Circumstances: Diamond Sawblades and Parts Thereof from the People's Republic of China, 71 FR 29303, 29307 (May 22, 2006).

The statute and Commerce’s regulations do not identify the dumping margin to apply to respondents not selected for individual examination when Commerce limits its examination in an administrative review pursuant to section 777A(c)(2) of the Act. Generally, Commerce looks to section 735(c)(5) of the Act, which provides instructions for calculating the all-others rate in an investigation, for guidance when determining the dumping margin for respondents that are not individually examined in an administrative review. Section 735(c)(5)(A) of the Act states that the all-others rate should be calculated by averaging the weighted-average dumping margins for individually-examined respondents, excluding dumping margins that are zero, *de minimis*, or based entirely on facts available. Where the dumping margins for individually examined respondents are all zero, *de minimis*, or based entirely on facts available, section 735(c)(5)(B) of the Act provides that Commerce may use “any reasonable method to establish the estimated all-others rate for exporters and producers not individually investigated, including averaging the estimated weighted average dumping margins determined for the exporters and producers individually investigated.”

We preliminarily calculated a zero percent dumping margin for one of the mandatory respondents in this review, Fufeng, and we preliminarily based the other mandatory respondent’s, Meihua’s, dumping margin on total AFA. Therefore, we assigned the separate rate respondents a dumping margin equal to the simple average of the dumping margins for Fufeng and Meihua, consistent with the guidance in section 735(c)(5)(B) of the Act. For additional information, *see* the Preliminary Decision Memorandum.

#### Preliminary Results of Review

We are assigning the following dumping margins to the firms listed below for the period July 1, 2019, through June 30, 2020:

<b>Producers/Exporters</b>	<b>Weighted-Average Dumping Margin (Percent)</b>
Meihua Group International Trading (Hong Kong) Limited/ Langfang Meihua Biotechnology Co., Ltd., /Xinjiang Meihua Amino Acid Co., Ltd.	154.07

Neimenggu Fufeng Biotechnologies Co., Ltd. (aka Inner Mongolia Fufeng Biotechnologies Co., Ltd.)/Shandong Fufeng Fermentation Co., Ltd./Xinjiang Fufeng Biotechnologies Co., Ltd.	0.00
Review-Specific Average Rate Applicable to the Following Companies:	
Jianlong Biotechnology Co., Ltd. (formerly, Inner Mongolia Jianlong Biochemical Co., Ltd)	77.04
Deosen Biochemical (Ordos) Ltd./Deosen Biochemical Ltd.	77.04

### Disclosure and Public Comment

Commerce intends to disclose to parties to the proceeding the calculations performed for these preliminary results of review within five days of the date of publication of this notice in the *Federal Register* in accordance with 19 CFR 351.224(b). Interested parties may submit case briefs to Commerce no later than 30 days after the date of publication of these preliminary results of review in the *Federal Register*.<sup>13</sup> Rebuttal briefs may be filed with Commerce no later than seven days after case briefs are due and may respond only to arguments raised in the case briefs.<sup>14</sup> A table of contents, list of authorities used, and an executive summary of issues should accompany any briefs submitted to Commerce. The summary should be limited to five pages total, including footnotes.<sup>15</sup>

Pursuant to 19 CFR 351.310(c), interested parties who wish to request a hearing, limited to issues raised in the case and rebuttal briefs, must submit a written request to the Assistant Secretary for Enforcement and Compliance, U.S. Department of Commerce, within 30 days after the date of publication of this notice in the *Federal Register*. Requests for a hearing should contain: (1) the requesting party's name, address, and telephone number; (2) the number of individuals associated with the requesting party that will attend the hearing and whether any of those individuals is a foreign national; and (3) a list of the issues the party intends to discuss at the hearing. Oral arguments at the hearing will be limited to issues raised in the briefs. If a

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<sup>13</sup> See 19 CFR 351.309(c)(ii).

<sup>14</sup> See 19 CFR 351.309(d).

<sup>15</sup> See 19 CFR 351.309(c)(2), (d)(2).

request for a hearing is made, Commerce will announce the date and time of the hearing. Parties should confirm by telephone the date and time of the hearing two days before the scheduled hearing date.

All submissions, with limited exceptions, must be filed electronically using ACCESS.<sup>16</sup> An electronically filed document must be received successfully in its entirety by Commerce's electronic records system, ACCESS, by 5 p.m. Eastern Time (ET) on the due date.<sup>16</sup> Note that Commerce has temporarily modified certain of its requirements for serving documents containing business proprietary information until further notice.<sup>17</sup> Unless otherwise extended, Commerce intends to issue the final results of this administrative review, which will include the results of its analysis of issues raised in any briefs, within 120 days of publication of these preliminary results of review in the *Federal Register*, pursuant to section 751(a)(3)(A) of the Act.

#### Assessment Rates

Upon issuance of the final results of review, Commerce will determine, and CBP shall assess, antidumping duties on all appropriate entries covered by this review.<sup>18</sup> Commerce intends to issue appropriate assessment instructions to CBP 35 days after the publication of the final results of this review in the *Federal Register*. If a timely summons is filed at the U.S. Court of International Trade, the assessment instructions will direct CBP not to liquidate relevant entries until the time for parties to file a request for a statutory injunction has expired (*i.e.*, within 90 days of publication).

We will calculate importer/customer-specific assessment rates equal to the ratio of the total amount of dumping calculated for examined sales to a particular importer/customer to the

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<sup>16</sup> See 19 CFR 351.303 (for general filing requirements); *Antidumping and Countervailing Duty Proceedings: Electronic Filing Procedures; Administrative Protective Order Procedures*, 76 FR 39263 (July 6, 2011).

<sup>17</sup> See *Temporary Rule Modifying AD/CVD Service Requirements Due to COVID-19; Extension of Effective Period*, 85 FR 29615 (May 18, 2020); and *Temporary Rule Modifying AD/CVD Service Requirements Due to COVID-19; Extension of Effective Period*, 85 FR 41363 (July 10, 2020).

<sup>18</sup> See 19 CFR 351.212(b)(1).



total entered value of those sales, in accordance with 19 CFR 351.212(b)(1).<sup>19</sup> Where the respondent reported reliable entered values, Commerce intends to calculate importer/customer-specific *ad valorem* assessment rates by dividing the total amount of dumping calculated for all reviewed U.S. sales to the importer/customer by the total entered value of the merchandise sold to the importer/customer.<sup>20</sup> Where the respondent did not report entered values, Commerce will calculate importer/customer-specific assessment rates by dividing the total amount of dumping calculated for all reviewed U.S. sales to the importer/customer by the total quantity of those sales. Commerce will calculate an estimated *ad valorem* importer/customer-specific assessment rate to determine whether the per-unit assessment rate is *de minimis*; however, Commerce will use the per-unit assessment rate where entered values were not reported.<sup>21</sup> Where an importer/customer-specific *ad valorem* assessment rate is not zero or *de minimis*, Commerce will instruct CBP to collect the appropriate duties at the time of liquidation. Where either the respondent's *ad valorem* weighted-average dumping margin is zero or *de minimis*, or an importer/customer-specific *ad valorem* assessment rate is zero or *de minimis*,<sup>22</sup> Commerce will instruct CBP to liquidate the appropriate entries without regard to antidumping duties.

For respondents not individually examined in this administrative review that qualified for a separate rate, the assessment rate will be equal to the weighted-average dumping margin assigned to the respondent in the final results of this review.<sup>23</sup>

Pursuant to Commerce's refinement to its practice, for sales that were not reported in the U.S. sales database submitted by a respondent individually examined during this review, Commerce will instruct CBP to liquidate the entry of such merchandise at the dumping margin

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<sup>19</sup> We applied the assessment rate calculation method adopted in *Antidumping Proceedings: Calculation of the Weighted-Average Dumping Margin and Assessment Rate in Certain Antidumping Proceedings: Final Modification*, 77 FR 8101 (February 14, 2012).

<sup>20</sup> See 19 CFR 351.212(b)(1).

<sup>21</sup> *Id.*

<sup>22</sup> See 19 CFR 351.106(c)(2).

<sup>23</sup> See *Drawn Stainless Steel Sinks from the People's Republic of China: Preliminary Results of the Antidumping Duty Administrative Review and Preliminary Determination of No Shipments: 2014-2015*, 81 FR 29528 (May 12, 2016), and accompanying Preliminary Decision Memorandum at 10-11, unchanged in *Drawn Stainless Steel Sinks from the People's Republic of China: Final Results of Antidumping Duty Administrative Review; Final Determination of No Shipments: 2014-2015*, 81 FR 54042 (August 15, 2016).

assigned to the China-wide entity.<sup>24</sup> Additionally, where Commerce determines that an exporter under review had no shipments of subject merchandise to the United States during the POR, any suspended entries of subject merchandise that entered under that exporter's CBP case number during the POR will be liquidated at the dumping margin assigned to the China-wide entity.

In accordance with section 751(a)(2)(C) of the Act, the final results of this review shall be the basis for the assessment of antidumping duties on entries of merchandise covered by the final results of this review and for future deposits of estimated antidumping duties, where applicable.

#### Cash Deposit Requirements

The following cash deposit requirements will be effective for all shipments of xanthan gum from China entered, or withdrawn from warehouse, for consumption on or after the date of publication of the notice of the final results of this administrative review in the *Federal Register*, as provided for by section 751(a)(2)(C) of the Act: (1) for companies granted a separate rate in the final results of this review, the cash deposit rate will be equal to the weighted-average dumping margin established in the final results of this review for the company (except, if the rate is zero or *de minimis*, then a cash deposit rate of zero will be required); (2) for previously investigated or reviewed China and non-China exporters not listed above that received a separate rate in a prior segment of this proceeding, the cash deposit rate will continue to be the existing exporter-specific rate; (3) for all China exporters of subject merchandise that have not been found to be entitled to a separate rate, the cash deposit rate will be the rate for the China-wide entity, which is 154.07 percent; and (4) for all non-China exporters of subject merchandise that have not received their own rate, the cash deposit rate will be the rate applicable to China exporter(s) that supplied that non-China exporter. These deposit requirements, when imposed, shall remain in effect until further notice.

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<sup>24</sup> See *Non-Market Economy Antidumping Proceedings: Assessment of Antidumping Duties*, 76 FR 65694 (October 24, 2011), for a full discussion of this practice.

## Notification to Importers

This notice also serves as a preliminary reminder to importers of their responsibility under 19 CFR 351.402(f) to file a certificate regarding the reimbursement of antidumping and/or countervailing duties prior to liquidation of the relevant entries during this review period. Failure to comply with this requirement could result in the Secretary's presumption that reimbursement of antidumping and/or countervailing duties occurred and the subsequent assessment of double antidumping duties.

We are issuing and publishing these preliminary results of review in accordance with sections 751(a)(1) and 777(i)(1) of the Act and 19 CFR 351.213 and 351.221(b)(4).

Dated: July 30, 2021.

**Christian Marsh.**

*Acting Assistant Secretary for Enforcement and Compliance.*

## **Appendix**

### **List of Sections in the Preliminary Decision Memorandum**

- I. Summary
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- III. Period of Review
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